Tipping the balance - Backing Scotch

2025 **Budget Submission**

OCTOBER 2025

scotch whisky association

Scotch Whisky
Underpin our foundations

We want the Chancellor to:

- **Freeze excise duty, not just for this year, but for this parliament. Give us stability to help us weather this global uncertainty.**
- **Ensure Scotch Whisky doesn't face any increase in the excise gap with other alcohol categories. Increasing the competitive disadvantage spirits already face would help no one.**

It's tough out there. Scotch Whisky is facing immediate and significant challenges both globally and here in the UK. Tariffs with the US - the industry's most valuable market - are biting and the industry's foundations here in the UK are being undermined through rising costs, falling consumer confidence, and a rate of excise duty that sees at least £12 of every bottle of Scotch Whisky sold in the UK claimed in tax – 70% of the average price bottle of Scotch Whisky is tax alone.

Battered by global headwinds, we need the UK to provide a stable, reliable and supportive environment in which the industry can have confidence. **We know that the government wants to put growth at the heart of its strategy; this industry wants to help**, but it is facing pressure here and now that needs action if we are to avoid lasting damage.

The increase in excise duty last year hurt. It hurt because it repeated the mistake of the last Chancellor when there was a chance to change course. And it hurt because it piled an additional burden on spirits whilst cutting duty for beer and cider, all based on an outdated view of **our hospitality sector which relies on spirits for 38% of their profits from alcohol sales.** Increasing the competitive disadvantage faced by Scotch Whisky in its home market, failing to deliver benefit for hard pressed hospitality businesses, consumers and struggling high streets, and yielding no benefits for the exchequer.

The Prime Minister was right when he said in July that "we can't just tax our way to growth", and he was right when he said at the Labour Conference that so much of the change we need "comes back to economic growth". As we look ahead to this year's Budget, we want the Chancellor to hear our call and step away from any increase in excise duty that would only fuel inflation, lose revenue, and damage confidence.

Now is the time for action, now is the time to back the growth and jobs we can deliver, now is the time to freeze excise duty for the long-term and #SupportScotch.

> **"Labour will put growth at the heart of our government and back Scotch producers to the hilt."**
>
> RT HON SIR KEIR STARMER MP, NOVEMBER 2023

Pubs can't survive on beer alone

What's your drink of choice? Our pubs, bars and restaurants at the heart of our communities offer up a vast selection of options. Consumers like that choice, with a third choosing a spirit based serve over a pint.

As the world's leading spirits-producing country we should be welcoming that choice. A choice that supports UK producers and jobs, and a responsible choice with the majority of spirit serves containing less alcohol and less calories than most alcoholic alternatives. Indeed, **a measure of Scotch Whisky contains half the alcohol and half the calories of an average pint, but consumers pay more than twice the tax.**

At least

£12

of every bottle of Scotch Whisky sold in the UK is claimed in Tax.

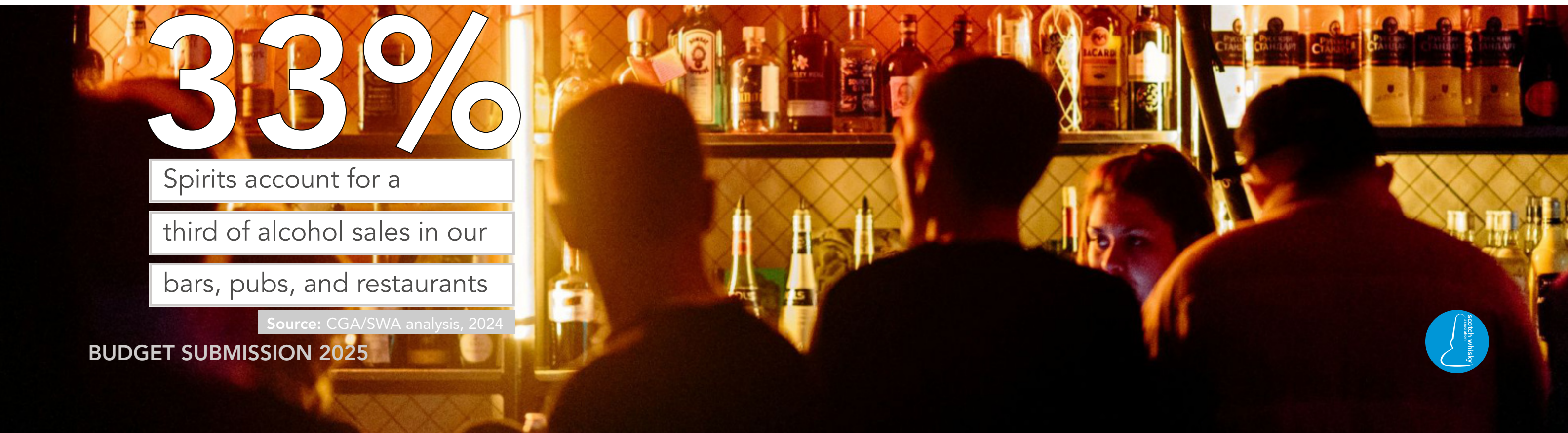
Our broken excise duty system is built on a false premise and outdated thinking. It doesn't reflect the alcohol content of different drinks. Instead, it taxes higher alcohol content pints less than lower alcohol content spirit based serves.

Previous moves to cut a penny off a pint have done nothing for hospitality and builds on an outdated view of consumers. The 'Brexit Pubs Guarantee' perpetuated the perception that pubs are only about warm ale and not about the world-class spirits on offer. We need to get past that mindset and understand that many consumers are looking for long spirit based serves and cocktails rather than pints, as they seek more premium experiences.

As the government looks to back growth and drive revenue, now is the chance to move away from that outdated thinking and recognise that the vast majority of consumers are making responsible choices, and that the duty system should support them. **Over this parliament let's look to narrow the gap, avoid counterproductive duty increases, and back the jobs our world leading spirits industry supports.**




STATS	PINT OF LAGER	RED WINE	PINT OF SCRUMPY CIDER	SCOTCH WHISKY
Units	2.6	2.3	4.8	1.0
Calories	224	159	364	55
ABV	4.6%	13%	8.4%	40%
Volume	568ml	175ml	568ml	25ml
Duty per drink	**£0.49**	**£0.67**	**£0.41**	**£0.33**



33%

Spirits account for a third of alcohol sales in our bars, pubs, and restaurants

Source: CGA/SWA analysis, 2024

Cut your losses and boost revenue

Zero growth. Thats what's transpired with spirits revenue in the two years since the new duty regime came in. The subsequent 14% duty increase over these past 24 months, coupled with those reforms, has seen excise duty from spirits increase by just 1.5% rather than the forecasted growth of 18% at the time of the March 2023 Budget.

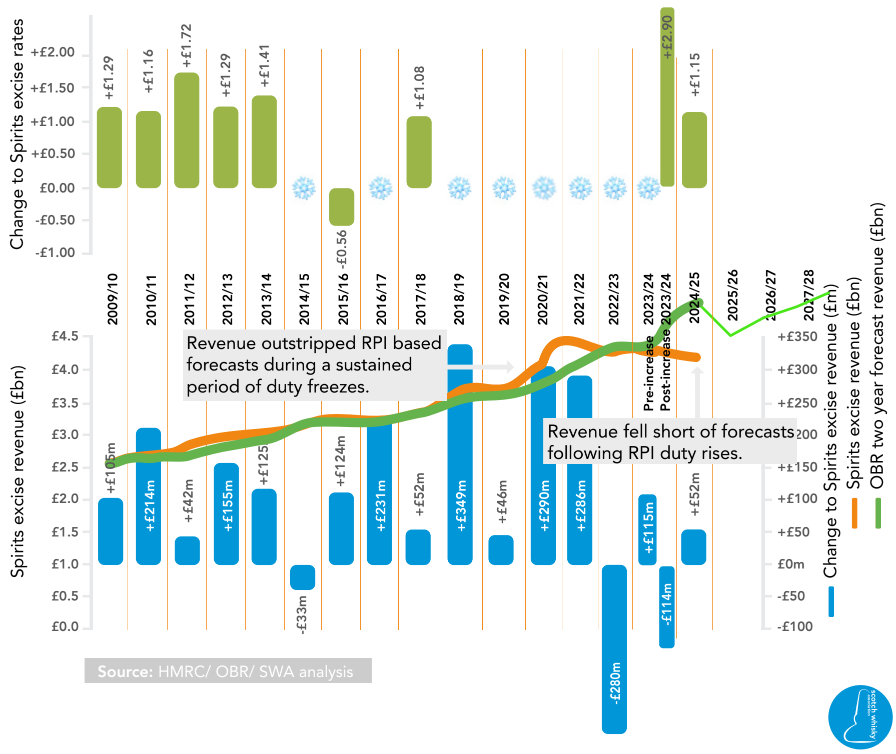
Despite excise duty receipts from spirits flatlining over the past two years, the forecast from March 2025 suggests spirits duty receipts will increase by 38% by 2030. Such a level of growth bears no relation to the real world and risks undermining further confidence in HM Treasury modelling.

Of course, the impact of the reforms and duty increases go much further than government revenue. They have done more damage to sales volumes than the government's official forecasts assumed. **Sales volumes and value have fallen sharply, hurting both our the Scotch Whisky industry and the Treasury.** We recognise that tax cuts that pay for themselves in narrow revenue terms are rare, but the real-world evidence shows that **supportive excise duty decisions on spirits not only drive investment and jobs in the UK, but they deliver more revenue for the Treasury than further tax increases.**

If the government wants to back growth, drive revenue, and support businesses and households in the face of a cost of living squeeze, then it must act on excise duty to avoid any further increase. Doing so and giving our industry the stability of a lasting freeze in duty over this parliament will help sustain jobs and investment in communities throughout the UK.

Stepping away from the failure of RPI increases and backing a home grown success is something we should all get behind. That was Gordon Brown's view when he recognised the damage of the duty rise he delivered in his first Budget but then froze excise duty on spirits throughout the rest of his time as Chancellor.

Spirits excise rates, annual revenue, and OBR Forecasts



Source: HMRC/ OBR/ SWA analysis

A broken model for Scotch and Scotland

The gap between excise duty on spirits and other alcohol categories has widened and the new draught relief has seen that gap widen still further in our pubs and bars. It fails to raise revenue fairly, fails to support hospitality, and fails to back one of Scotland and the UK's leading industries.

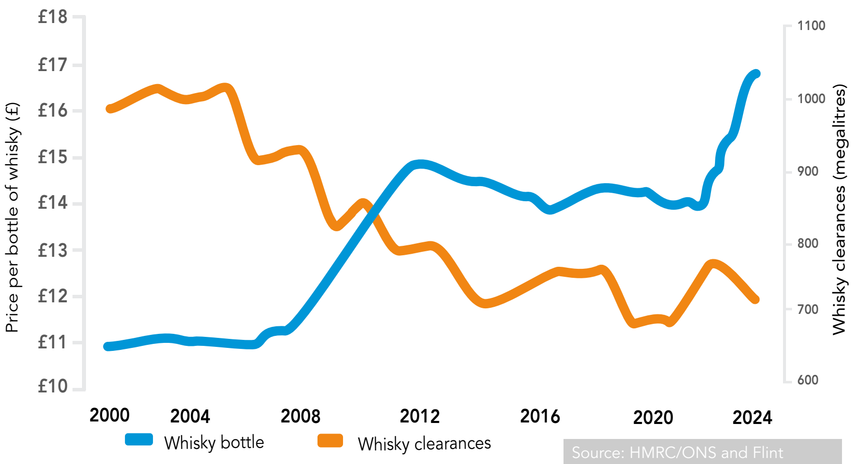
Beyond Scotch Whisky, **Scotland is home to the UK's spirits sector. Over 70% of UK spirits are made in Scotland**. forty four thousand jobs are supported in Scotland by Scotch Whisky alone with the industry not only a major employer, but also a significant source of tourism, attracting over 2.7m visitors to our distilleries and visitor centres each year. Excise duty on spirits at the current level isn't just a competitive disadvantage in UK, it has a direct impact on Scotland and Scottish jobs.

Scotch Whisky is proud to be the world's premier globally traded spirit, we're proud of all of those who play their part in making it the success it has become. We're also proud that wherever you go in the world Scotch Whisky is to be found on the shelves of almost every shop or bar, showcasing Scotland's brand to the world. The UK is the world's leading spirits producing nation. Imposing on that global success story one of the world's highest levels of tax on spirits runs counter to the support you would expect.

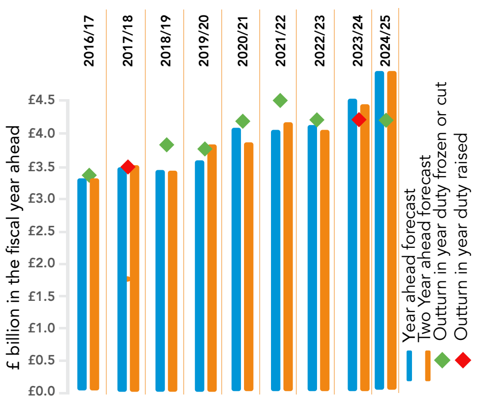
Action to freeze spirits duty for the long term doesn't just deliver stability for our industry, it delivers the supportive environment necessary to sustain jobs right here in the UK, and not least in Scotland.

This Budget is a chance to deliver a long-term freeze in spirits duty to back an economic success, back jobs and back Scotland.

Comparison of the average price of a whisky bottle vs HMRC annual whisky clearances



Year-ahead OBR forecasts vs outturns



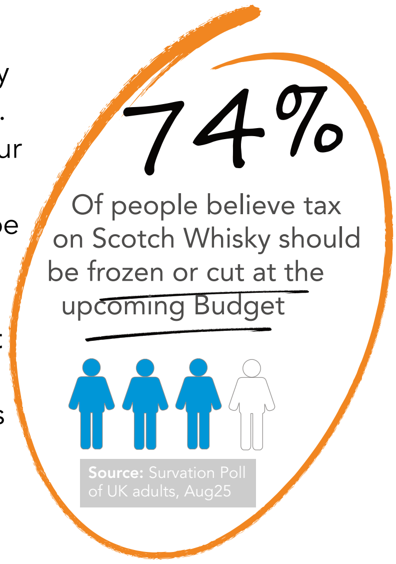
Source: OBR Economic and Fiscal Outlooks.

Relieve the pressure

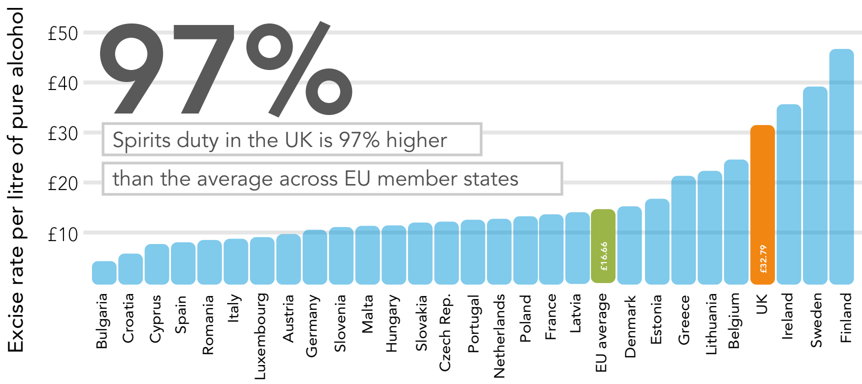
The 10% tariffs Scotch Whisky faces in the United States are costing the industry around £200m per year, damaging the industry's trade with its most valuable market, a market that has taken generations to build.

The global headwinds being felt by the industry are significant, and compounded by the lack of support in the UK where the industry faces the highest excise duty in the G7. The globally uncompetitive tax burden on Scotch Whisky doesn't just hurt the industry, but it has a particular impact on Scotland, where over 70% of all UK spirits are produced.

At any time, we would make the case that the UK's duty system puts us at a competitive disadvantage and that having the fourth highest rate of excise duty in Europe and highest in the G7 does not support us as a home-grown success. We would always argue that point, but as the industry is buffeted by tariffs in our most valuable market, the pressure is real and time for action is now. Polling shows that three in four people across the UK believe that excise duty should be frozen or cut.



For decades the global success of Scotch Whisky has delivered for the UK but that success risks being undermined domestically by any rise in duty. If the government wants to back growth and support jobs then it is vital that it avoids a further duty increase and ensures that there is no further discrimination in the UK duty system. In the face of global uncertainty, now is the time for the government to give us long term certainty in the UK with a lasting freeze in excise duty.




scotch whisky association
UNIT FOR UNIT - SPIRITS LIKE SCOTCH BOOST HOSPITALITY MORE THAN BEER
PUBS CAN'T SURVIVE ON BEER ALONE
SUPPORT SCOTCH NOW

The Scotch Whisky Association

Quartermile Two
2 Lister Square
Edinburgh EH3 9GL

12 Caxton Street
Westminster
London SW1H 0QS

+44 131 222 9200
www.scotch-whisky.org.uk

@ScotchWhiskySWA

#SupportScotch